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C O N F I D E N T I A L SOFIA 000217

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SUBJECT: BULGARIAN GOVERNMENT IN SHOCK AS UNITED
OPPOSITION TABLES NO-CONFIDENCE MOTION

REF: SOFIA 0207

(U) CLASSIFIED BY AMBASSADOR JAMES PARDEW, FOR REASONS
1.5 (B) AND (D).

11. (C) Summary. The government is in shock at the rapid escalation of the political crisis that began earlier this week with the collapse of the BulgarTabak privatization deal (reftel), with the Prime Minister telling the Ambassador this evening that he is "very worried." The turmoil gained momentum February 3 with the submission late in the day of a no-confidence motion supported by a range of opposition parties. The motion allows the Parliamentary debate to begin as early as February 6, and a vote in the National Assembly could take place as early as February 8. The first victim may be Deputy Prime Minister and Minister of the Economy Lydia Shuleva; unconfirmed reports of her resignation began circulating Thursday afternoon, but her office has denied these. Shuleva's handling of the failed BulgarTabak privatization, accompanied by her dismissive attitude toward Parliamentary concerns about the deal, sparked the crisis and united the opposition. End summary.

12. (C) A separate motion calling for the resignation of Parliamentary speaker Gerdjikov has also been introduced, and could be voted on as early as tomorrow. A simple majority (121) of the 240-seat Parliament will be necessary to bring down the government, but cannot take place for at least four days. Prime Minister Saxe-Coburg's coalition with the mainly ethnic-Turkish Movement of Rights and Freedom (MRF) controls only 118 seats. It lost its Parliamentary majority last year when a dissatisfied wing of the PM's part, calling itself "New Time," split from the government's parliamentary group. The New Time's 13 MPs have generally supported the government, but sided with the opposition this time, leaving the Prime Minister at least three votes short of a majority. By abandoning Shuleva, who is reviled by New Time for personal as well as political reasons, the Prime Minister may be able to win back the New Time vote; otherwise, he will have to rely on the votes of some of the seven independent MPs.

13. (C) Shuleva's handling of the BulgarTabak privatization quickly became a lightning rod for the frustration surrounding the government's overall lack of consultation with the Parliament. And while one of the government's more effective ministers, Shuleva's forceful manner has created substantial ill will among her party and the opposition.

14. (C) The coming no-confidence vote will be the sixth brought against the Prime Minister since he took power in July 2001. Three of the five previous votes were tabled by the center-right opposition, the remaining two by the Socialists. This will be the first brought jointly by the two opposition groupings. No post-communist Bulgarian Government has collapsed as a result of a no-confidence vote brought by the opposition.

15. (C) Comment: The failed effort to privatize Bulgaria's state-owned tobacco lobby (has blossomed into a full-scale political crisis. The government has survived every previous no-confidence vote by negotiating back-room deals and maintaining divisions among the opposition. However, the apparent unity of the opposition and the proximity of national elections make the outcome less certain this time around. The 13 New Time MPs and seven independents hold the key to the outcome. Government ministers with whom we spoke this evening are clearly shocked by the way in which a failed privatization deal has spiraled into a full-blown political crisis. Minister for European Affairs Kuneva told the Ambassador tearfully that she did not expect the government to survive. The ongoing domestic turmoil has nothing to do with Iraq and should have no impact on Bulgaria's deployment of troops there, but it will distract the government from virtually all other business until the situation is resolved.